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PTQ5916

RELEASED IN PART  
B1, 1.4(D)

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ACTION WHA-00

INFO	LOG-00	MFA-00	NP-00	AID-00	CEA-01	CIAE-00	CTME-00
	DINT-00	DODE-00	DOTE-00	SRPP-00	DS-00	EB-00	EXIM-01
	E-00	FAAE-00	VC-00	FRB-00	H-01	TEDE-00	INR-00
	ITC-01	LAB-01	L-00	VCE-00	AC-01	NSAE-00	OES-00
	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00	P-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00	NFAT-00
	SAS-00	/010W					

-----193E0C 172145Z /38

O 172042Z DEC 02  
FM AMEMBASSY CARACAS  
TO SECSTATE WASHDC IMMEDIATE 9125  
INFO DEPT OF COMMERCE WASHDC PRIORITY  
DEPT OF ENERGY WASHDC PRIORITY  
NSC WASHDC PRIORITY  
USAID WASHDC PRIORITY  
OPEC COLLECTIVE  
AMEMBASSY BOGOTA  
AMEMBASSY BRASILIA  
AMEMBASSY LA PAZ  
AMEMBASSY LIMA  
AMEMBASSY MEXICO  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY QUITO  
AMEMBASSY SANTIAGO

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C O N F I D E N T I A L SECTION 01 OF 02 CARACAS 004062

DEPT ALSO FOR DS/IP/WHA, S/ES-O/DS, AND DS/DSS/ITA  
NSC FOR LLORENS  
ENERGY FOR D.PHUMPHREY, A.LOCKWOOD, M.BILLIG, AND B.MARCOIS  
USAID FOR DCHA/OTI - RON ULLRICH AND RUSSELL PORTER

E.O. 12958: DECL: 12/17/2012  
TAGS: EPET, PGOV, ECON, ASEC, VE  
SUBJECT: ENERGY SECTOR: STRIKE DAY 16

REF: CARACAS 3931

CLASSIFIED BY: AMB. CHARLES S. SHAPIRO, REASONS 1.5 (B) AND (D)

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SUMMARY  
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1. (C) VENEZUELA'S OIL AND GAS PRODUCTION CONTINUES TO  
DECLINE. [REDACTED]  
[REDACTED] REPORTS CRUDE PRODUCTION IS AT 400,000 BARRELS PER  
DAY (B/D) ON DECEMBER 17 AND THAT IT MAY SHUT IN AS EARLY AS  
DECEMBER 19. ENRON VENEZUELA, VENGAS OWNER, THE MAJOR  
SUPPLIER OF DOMESTIC GAS, REPORTS IT MAY SHUT DOWN OPERATIONS  
AS EARLY AS DECEMBER 18. THE MINISTRY OF ENERGY AND MINES  
REPORTEDLY HAS TAKEN STEPS TO IDENTIFY KEY SERVICE STATIONS  
FOR SUPPLY. GASOLINE SUPPLIES TO CARACAS APPEAR TO BE  
DETERIORATING AND THE SITUATION IN THE REST OF THE COUNTRY IS  
STILL WORSE. END SUMMARY.

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OIL/GAS PRODUCTION  
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2. (C) [REDACTED] INFORMED  
ECONOFF THAT PDVSA'S OIL PRODUCTION IS NOW IN THE RANGE OF  
400,000 B/D. (NOTE: OTHER RELIABLE INDUSTRY SOURCES CONCUR  
WITH THIS FIGURE.) [REDACTED] ADDED THAT ALL PDVSA CRUDE  
PRODUCTION MAY SHUT DOWN AS EARLY AS THURSDAY, DECEMBER 19.  
KAMKOFF ADDED THAT GAS PRODUCTION IS ALSO AT A MINIMUM AND  
ALMOST READY TO SHUT DOWN.

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DOMESTIC GAS  
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3. (C) [REDACTED]  
CONTACTED US DECEMBER 17 WITH AN UPDATE TO BRIEF US WITH AN  
UPDATE ON THE DOMESTIC GAS SITUATION (PROPANE TANKS FOR HOME  
COOKING, ETC.) VENGAS IS THE SINGLE LARGEST NATIONAL  
DISTRIBUTOR OF DOMESTIC GAS. ACCORDING TO [REDACTED] VENGAS  
HAS BEEN IN DAILY CONTACT WITH THE MINISTRY OF ENERGY AND  
MINES ON THE STATUS OF COMPANY OPERATIONS. THE DECEMBER 17  
REPORT TO THE MINISTRY INDICATES THAT THE COMPANY IS  
OPERATING AT 10-15 PERCENT CAPACITY. [REDACTED] ADMITTED TO  
US, HOWEVER, THAT THAT IS AN OVERESTIMATION AND THAT HE  
EXPECTS TO SHUT DOWN OPERATIONS NATIONWIDE ON DECEMBER 18.

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4. (C) [REDACTED] NOTED THAT THE WESTERN REGION, PARTICULARLY  
BARQUISIMETO, HAS NOT RECEIVED SHIPMENTS OF DOMESTIC GAS IN  
THE PAST 24-48 HOURS. [REDACTED]

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 GASOLINE SUPPLIES  
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5. (C) ECONOFF DISCUSSED THE GASOLINE SUPPLY SITUATION WITH

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[REDACTED] SAID THAT MORE  
 THAN 60 PERCENT OF MOBIL STATIONS NATIONWIDE WERE DRY AS OF  
 THE MORNING OF DECEMBER 17. HE REPORTED THAT THE MINISTRY OF  
 ENERGY AND MINES CONTACTED THE GASOLINE WHOLESALERS ON  
 DECEMBER 16 TO REQUEST THAT THEY IDENTIFY THE MOST STRATEGIC  
 POINTS IN THEIR NETWORKS. HE BELIEVES THE MINISTRY IS  
 WORKING ON DECEMBER 17 TO DETERMINE WHICH STATIONS WILL BE  
 SUPPLIED. ALL OTHERS WILL CLOSE. [REDACTED] UNDERLINED THAT  
 THE NATIONAL SUPPLY NETWORK IS COMPLETELY MILITARIZED AND IS  
 IN A STATE OF CONFUSION WITH LITTLE INFORMATION AVAILABLE.

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	OMB-01	OPIC-01	PA-00	PM-00	PRS-00	ACE-00	P-00
	SP-00	IRM-00	SSO-00	SS-00	STR-00	TRSE-00	USIE-00
	ASDS-00	EPAE-00	PMB-00	DSCC-00	PRM-00	DRL-02	G-00
	NFAT-00	SAS-00	/010W				

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 FM AMEMBASSY CARACAS  
 TO SECSTATE WASHDC IMMEDIATE 9126  
 INFO DEPT OF COMMERCE WASHDC PRIORITY  
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C O N F I D E N T I A L SECTION 02 OF 02 CARACAS 004062

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6. (C) [REDACTED] INFORMED US THAT 50-60 PERCENT OF THEIR STATIONS ARE STILL OPEN ALTHOUGH SOME HAVE ONLY ONE PRODUCT AVAILABLE. ACCORDING TO THEIR INFORMATION, OF 16 WHOLESALE DISTRIBUTION POINTS, 13 ARE STILL OPEN AND THREE ARE CLOSED. THE NATIONAL PICTURE IS VARIED WITH SOME REGIONS REPORTING VARIOUSLY THAT THEY HAVE NO DIESEL OR UNLEADED FUEL. CARACAS IS NOW REPORTED TO BE RUNNING OUT OF UNLEADED FUEL.

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7. (C) [REDACTED] INFORMED ECONOFF THAT BP HAD REPORTED THE MORNING OF DECEMBER 17 THAT 50 PERCENT OF THEIR STATIONS ARE DRY WHILE THE OTHERS ARE SHORT OF SUPPLIES. HE REPORTED THAT BP BELIEVES ONLY 20-30 PERCENT OF THEIR STATIONS WILL HAVE SUPPLIES AS OF DECEMBER 19. THE BRITISH EMBASSY BELIEVES ONLY 5-10 PERCENT OF THE GASOLINE STATIONS IN BARQUISIMETO AND MARACAIBO ARE STILL SUPPLIED.

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8. (C) ALTHOUGH GASOLINE STOCKS ARE DECLINING, WE CONTINUE TO BELIEVE THAT THE BIGGEST PROBLEM LIES WITH DISTRIBUTION. THE PRESS HAS REPORTED THAT THE NORMAL FIGURE FOR TANKER TRUCKS SUPPLYING THE DOMESTIC MARKET IS 1,700. THE GOV HAS ADMITTED THAT ONLY 200-250 TRUCKS ARE NOW IN OPERATION.

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COMMENT  
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9. (C) IN CARACAS, MANY CARS ARE ON THE STREET, TO THE POINT OF SOME ISLOATED TRAFFIC JAMS. WILL THE GOV BE ABLE TO GET ENOUGH GASOLINE TO STATIONS IN ORDER TO KEEP THEM THERE? IF NOT, THE CRUNCH MAY BEGIN AT THE END OF THIS WEEK. BUT EVEN IF A GASOLINE CRISIS CAN BE AVOIDED, A NATURAL GAS SHORTAGE COULD BE JUST AS IMPORTANT. PDVSA HAS APPARENTLY BEEN MAKING AN EFFORT TO KEEP MINIMUM PRODUCTION LEVELS UP SO AS TO ASSURE SOME PRODUCTION OF ASSOCIATED NATURAL GAS. ONCE CRUDE PRODUCTION IS SHUT DOWN, HOWEVER, MUCH OF THE GAS WILL GO WITH IT AND VENEZUELAN'S WILL BE UNABLE TO COOK THEIR HOLIDAY DINNERS.  
SHAPIRO

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